**Assessment Report**

**Membership to the World Association of Investment Promotion Agencies (WAIPA)**

1. **Subject Matter:**

Under the Economic Cluster Programme one of the Key Performance Indicators (KPIs) is to increase Foreign Direct Investment (FDI) to Nu. 100 billion by the year 2029 and the Invest Bhutan Division under the Department of Industry, Ministry of Industry, Commerce and Employment MoICE) is mandated to carry out FDI promotions related activities to meet the KPI.

One of the FDI promotional related activities planned during the 13 FYP is obtaining the membership to the World Association of Investment Promotion Agencies (WAIPA), an international [non-governmental organization](https://en.wikipedia.org/wiki/Non-governmental_organization) established in 1995 by Investment Promotion Agencies under the auspices of the [United Nations Conference on Trade and Development](https://en.wikipedia.org/wiki/United_Nations_Conference_on_Trade_and_Development) (UNCTAD). The headquarter of WAIPA is situated in Geneva, Switzerland. It‘s a global reference point for FDIs where investment promotion agencies (IPAs) around the world engage in networking and share best practices of investment promotions. Information on WAIPA is available at [www.waipa.org](http://www.waipa.org). Becoming a member to WAIPA, Bhutan can proactively promote FDIs globally and it would be instrumental in achieving the above mentioned KPI.

The Invest Bhutan Division, Department of Industry, therefore, would like to seek membership to the WAIPA, membership is open to any agency, government body or entity whose prime function is to promote any country, as a destination for, or as source of investments. WAIPA serves 170 Investment Promotion Agencies (IPA) members in more than 130 countries.

From within the SAARC member countries, except for Bhutan, Nepal and Sri Lanka, all other countries are members of WAIPA.

1. **Main Obligations, if applicable:**

Being a member of the WAIPA does not have any legal obligation although WAIPA itself is bound by the Swiss Law. A membership protocol is required to be signed with the members. However, this has no legally binding consequences for investment promotion agencies as long as members do not harm WAIPA‘s reputation or act in flagrant violation of WAIPA‘s spirit, purpose and interest.

Should a member act in flagrant violation of the spirit, purpose and interest of WAIPA, the General Assembly may upon the recommendation of the Steering Committee suspend the rights and privileges enjoyed by the member to the extent determined by the General Assembly.

**Member‘s Rights & Duties:**

All members shall have the same rights, duties and privileges. As a member, one is encouraged to attend the General Assembly to exercise its voting rights. Members also have the opportunity to serve on the Steering Committee or serve as WAIPA president.

1. **Time Consideration**

If approved by the Government, papers like statutes, registration certificates, activity reports, recent activities and current investment environment of the country, etc. needs to be submitted to WAIPA followed by fee payment as prescribed in section 6 below. The process to approve membership usually takes around two weeks by WAIPA. The membership fees are to be paid annually by the 30th April with respect to the calendar year.

1. **Ministerial Responsibility**

The responsibilities of the Ministry are as follows:

* Process for approval of the WAIPA membership with the Government;
* Participate / attend General Assembly and Steering Committee meetings of WAIPA;
* Exercise voting rights;
* Participate in investment meetings / events to promote investments.
1. **Advantages & Disadvantages of becoming a member of WAIPA:**

Being a member at WAIPA is valuable for investment promotion agencies as it is the global reference point for FDI. As a member of WAIPA, an investment promotion agency can benefit in the following ways:

* **Networking:** Get to know, connect and meet with peer IPAs & members in events & conferences. Moreover, liaise to international organizations & global investors. This will provide exposure of IPA executives and officials to other executives and their experiences in a variety of IPAs with different mandates and different success levels in attracting FDI
* **Capacity Building:** Attend periodic in-person and online training programs & events, webinars, conferences and more. Furthermore, learn from peers by sharing and exchanging experiences and expertise among each other.
* **Resources:** Access to valuable resources like publications, latest research, tools, and more from WAIPA & partner organizations.
* **Private Community:** An exclusive community for networking, connecting, sharing, learning and being up to date with news from member IPAs. WAIPA has a members portal which is the first online community of its kind accessible to the members IPAs only.
* **Exposure of IPA** executives and staff to leaders of international organizations, donors, and consulting firms working in the investment promotion space (This networking can be useful, when an agency is trying to find donor or technical support for technical assistance projects.). Also, being a member of WAIPA, assistance and guidance are provided to IPAs in the formulation of appropriate investment promotion policies and strategies.

The in-person form of the first two benefits requires travel, either to the annual meeting or to occasional regional events. There is no guaranteed sponsorship for members who cannot afford the travel. As such, whether the benefits outweigh the costs will depend on how much a member would expect to make use of them and how much value a member sees in it and accordingly is forthcoming in availing the same.

1. **Tentative Cost of becoming a member:**

**Membership Fees:** The membership fees are formulated in accordance with country’s GDP and are paid annually by the 30th April with respect to the calendar year in course as following:

**-** Tier I countries (GDP per capita up to 2,500 USD): 4,000 USD

**-** Tier II countries (GDP per capita from 2,501 USD to 12,500 USD): 5,000 USD

**-** Tier III countries (GDP per capita over 12,500 USD): 6,000 USD

Bhutan falls under Tier II countries and as such an annual fee of USD 5000 is required to become a member.

Besides, there will be costs associated with attending the events which will depend on the location and duration of the event and as such cannot be ascertained upfront.

1. **Social, economic, cultural, environmental and political implication by becoming member to WAIPA**

Becoming a member to WAIPA, Bhutan can proactively promote FDIs globally and resulting in more FDIs inflows into the country as compared to the past. The FDIs will be encouraged in the areas that contribute to development of a green and sustainable economy, promotion of socially responsible and ecologically friendly industries, culturally and spiritually sensitive industries, promotion of Brand Bhutan and creation of knowledge society. There will be positive implications on socio-economic development of the country by enhancing the productivity of Bhutan's industries through technology transfer and gaining access to international markets through exports. With the increased FDI inflows, new industries will be promoted and established in the country contributing to creation of employment opportunities. While FDIs in Bhutanese industries would be promoted, priority will also be given on sustainable use of natural resources to ensure that FDIs do not have a negative impact on the environment.

1. **Possible effect on domestic laws**

WAIPA Statutes clearly mentions that being a member to the WAIPA does not impose any legal obligation on the members, therefore, do not have any effect on domestic laws.

1. **Any other associated instruments on the same subject**

WAIPA Statutes (attached) highlights the objectives of the establishment of WAIPA, membership eligibility and processes, membership fees, rights and duties of being member, institutions under WAIPA and their functions, among others.